

**Office of the  
Attorney General**

# **Charitable Giving**



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[www.ag.idaho.gov](http://www.ag.idaho.gov)



## **State of Idaho Office of Attorney General Lawrence Wasden**

Dear Fellow Idahoan:

Consumer fraud is a serious problem in Idaho, but, fortunately, it is often a preventable problem. As your Attorney General, I am committed to working with you to prevent fraud. I will also vigorously enforce Idaho's consumer protection laws.

As a consumer, you can protect yourself from fraud by understanding your rights and by making informed and intelligent decisions. As a donor to charities, you can guard against fraud by ensuring that your donation will, in reality, be used for the charitable purpose you support.

My office fulfills its legislatively assigned consumer education mission by publishing a variety of consumer protection manuals and tip sheets addressing specific topics. All of the publications are available at no cost to you through the Consumer Protection Unit and on my website at [www.ag.idaho.gov](http://www.ag.idaho.gov).

Informed consumers are Idaho's best defense against consumer fraud. If you have been a victim of consumer fraud, I encourage you to contact my Consumer Protection Unit.

I hope you find the information in this publication helpful.

LAWRENCE G. WASDEN  
Attorney General

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## INTRODUCTION

There are many legitimate charities that depend on the generosity of donors to support worthwhile efforts to assist people in need. The Better Business Bureau's Philanthropic Advisory Service can provide valuable information about charities.

In recent years, however, there has been an increase in deceptive, misleading and fraudulent fund-raising. With more than 700,000 federally recognized charities, it's important to do the research before you make a donation.

It is shocking to most people when they learn that, in a significant number of solicitations, the fund-raiser, not the charity, ends up with the largest share of the contribution. The Attorney General's Office has seen cases in which 85 percent of the donation goes to the for-profit fund-raisers, with only 15 percent actually going to the charity for charitable purposes.

There is no legal requirement for charities to register to conduct business in Idaho. Thus, there is no state agency that can tell you if a particular charity is "legitimate." Consequently, we urge you to do your homework and find out exactly where your money will be going.

To ensure that most of your donation is used for charity, it is essential to understand the relationship between the

charity and the person asking for money.

## **KEY QUESTIONS**

Before you make a contribution, obtain written answers to the following questions. If you are not satisfied with the answers, you will probably not be satisfied with how your donation is used:

- Where is your donation going?
- What percentage is actually used for the charitable purpose?
- What percentage goes toward administrative and fund-raising expenses?
- Is the person asking for the donation a volunteer, an employee of the charity or a paid fund-raiser?

Legitimate charities will provide this information in writing and without question. You should be suspicious of anyone requesting a charitable donation that is reluctant to answer these questions.

You should also ask for the charity's name, address and telephone number. If the caller is a for-profit fundraiser, the Telemarketing Sales Rule requires that the caller disclose the name of the charity requesting the donation. If the solicitor refuses to tell you, you should hang up. If you want to file a complaint with the Attorney General's Office, you can download a

complaint form from the Attorney General's Internet site, [www.ag.idaho.gov](http://www.ag.idaho.gov). You also may call the Attorney General's Office to request a complaint form. The Better Business Bureau suggests that a charity should not spend more than 35% of "related" contributions on fund-raising. "Related" contributions include donations and gifts received as a result of fund-raising. When buying merchandise or tickets for special events, or when receiving "free" goods in exchange for a donation, remember that the cost of these items may be paid out of your contribution, making less available for the charity's beneficiaries.

## **CONSUMER TIPS**

- Many organizations hire an outside company to solicit for them. These solicitations come with a cost. Some solicitors keep as much as 85% of your contribution. You may prefer to send your donation directly to the charity, rather than through professional fund-raisers, to ensure that the charity gets the full amount of your donation.
- Fraudulent solicitors often try to give the impression that they are a legitimate or reputable business by making references to large, well-known organizations or by using legitimate sounding names.
- Be wary of solicitations for "official" sounding organizations, such as a "deputies association."

While the organization may be legitimate, the Attorney General's Office has taken several enforcement actions against such "associations" for deceptive fund-raising practices. Thoroughly investigate any organization whose name sounds like it is connected with police, fire or emergency medical services before you contribute. If you want to support your local emergency services organizations, consider sending a check directly to the sheriff's, police, fire or EMS department instead of sending it to the telephone solicitor.

- Be cautious about emotional appeals, especially those that involve patriotism and current events. The Department of Defense does not endorse any specific war-related charity, but it does provide information about military relief societies for U.S. service members and their families. For more information about donating, visit the website <http://www.army.mil/operations/oif/FAQ.html>.
- Think twice before entering "drawings" sponsored by "charities" at fairs and other events. The Attorney General's Office has investigated cases in which fraudulent charities used "sound alike" names of legitimate charities to conduct drawings. Many Idahoans who entered these drawings soon received phone bills containing unauthorized charges for membership in the so-called charity.



- Never give your credit card number over the phone! You have no way to know for certain that the caller really represents a charity. Also, be suspicious of charities that offer to send a courier or overnight delivery service, or use high-pressure appeals. A legitimate charity will give you time to think things over before you donate. A legitimate charity that needs your money today will still accept it tomorrow.
- The best way to give, for security and tax purposes, is by check. Cash can be stolen or lost.
- If you receive a gift in the mail, accompanied by a request for a donation, the law allows you to keep the gift without any obligation. Do not feel that you are required to make a donation to their cause simply because they sent you a gift. Many times this can serve as a red flag for a questionable operation. Give because you believe in the organization, not because you feel guilty about receiving a gift.
- Be wary of guaranteed sweepstakes winnings in exchange for a contribution. According to the law, you never have to donate anything to be eligible to win.
- Sometimes charitable mailings look like a bill or invoice. It is illegal to mail a bill if merchandise has not been ordered. If you receive such a

mailing, it should clearly state that you are under no obligation and that the notice is not a bill.

- If you don't remember making a pledge, check your records. Be suspicious of people who thank you for pledges you don't remember. Some deceptive solicitors try to get your money by claiming that you've made a pledge.
- Know the difference between "tax-exempt" and "tax-deductible" contributions. "Tax-exempt" means the organization doesn't have to pay taxes. "Tax-deductible" means you can deduct your contribution on your federal income tax return. Even though an organization is tax-exempt, your contribution may not be tax-deductible. If deductibility is important to you, ask for a receipt showing the amount of your contribution and stating that it is tax-deductible.
- Beware of organizations that use meaningless terms to suggest they are tax-exempt charities. A tax identification number does not indicate that an organization is a charity. All nonprofit and for-profit organizations are required to have a tax identification number. An invoice that says to "keep this receipt for your records" doesn't mean that it is tax-deductible or that the organization is tax-exempt.

- Check up on charities before you give to a solicitor. Call or contact the charity directly. Find out if the organization is aware of the solicitation and has authorized the use of its name. If a charity tells you that your money will support a local organization, call the local recipient to verify the claim.

Some organizations gather information about charities and the legitimacy of their practices. Before you decide where to give, check with one of the following organizations for information on the charity you're considering:

The Better Business Bureau's Wise Giving Alliance  
4200 Wilson Blvd.  
Suite 800  
Arlington, VA 22203-1804  
(703) 276-0100  
[www.give.org](http://www.give.org)

American Institute of Philanthropy  
3450 Lake Shore Dr.  
Suite 2802  
East Chicago, IL 60657  
(773) 529-2300  
[www.charitywatch.org](http://www.charitywatch.org)

GuideStar  
427 Scotland Street  
Williamsburg, VA 23185  
(757) 229-4631  
[www.guidestar.org](http://www.guidestar.org)

Many smaller, newer or local charities may not be rated by these organizations. Some fraternal organizations, like police and fire groups, may not be rated at all. When evaluating unlisted charities, follow the precautions outlined in the Consumer Tips section of this pamphlet.

## **REDUCING THE NUMBER OF REQUESTS**

Charities often place their donors' names on a mailing list to re-contact them. Some charities also rent or exchange mailing lists with other organizations. These practices could lead to an overwhelming number of requests from various organizations. To stop a charity from sharing information, include a note with your donation asking the charity not to rent, sell or exchange your personal information and donation history. You can also ask the charity to limit its requests to once or twice a year. If the charity fails to honor your requests, you can choose to support a different charity.

## **How to “opt out”**

You can “opt out” of receiving mail from many national companies by registering with the Direct Marketing Association’s (DMA) Mail Preference Service.

You can send a letter to:

Direct Marketing Association  
Mail Preference Service  
P.O. Box 643  
Carmel, NY 10512,

Or, you can register online at [www.dmaconsumers.org](http://www.dmaconsumers.org). Your name will be put on a “delete” file for five years that is made available to direct mail marketers. This will not stop organizations that are not registered with the DMA’s Mail Preference Service.

## **FTC Telemarketing Sales Rule**

The Federal Trade Commission’s Telemarketing Sales Rule applies to telemarketers who make calls across state lines on behalf of charitable organizations. Telemarketers may only call between 8 a.m. and 9 p.m. local time.

They must also promptly identify the charitable organization they represent and disclose that the purpose of the call is to ask for a donation. Fund-raisers are not allowed to lie or mislead you to get a donation. You can ask fund-raisers to place you on their “do not call” list.

If they call you again, they may be subject to a fine of up to \$11,000.

## **COMPLAINTS**

The Idaho Attorney General's Office enforces the Charitable Solicitations Act. This act prohibits false, deceptive or misleading charitable solicitations. If you would like a copy of this law, you may contact the office or visit our Internet site.

To file a complaint, contact the Attorney General's Consumer Protection Unit at any of the following:

Office of the Attorney General

Consumer Protection Unit

P.O. Box 83720

Boise, ID 83720-0010

[www.ag.idaho.gov](http://www.ag.idaho.gov)

(208) 334-2424

Toll free (800) 432-3545

It is also a good idea to report fraudulent or suspicious charitable solicitations to your local Better Business Bureau.

Funds collected by the Attorney General's Consumer Protection Unit as the result of enforcement actions paid for this pamphlet. No tax monies were used to pay for this publication.

The Consumer Protection Unit enforces Idaho's consumer protection laws, provides information to the public on consumer issues, and offers an informal mediation process for individual consumer complaints.

If you have a consumer problem or question, please call 208-334-2424 or in-state toll-free 1-800-432-3545. TDD access and Language Line translation services are available. The Attorney General's web site is available at [www.ag.idaho.gov](http://www.ag.idaho.gov).